

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 AGR-05 SSO-00 EB-07 L-02 SS-15

IGA-01 /046 W
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O 072300Z MAY 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC IMMEDIATE 5054

C O N F I D E N T I A L LIMA 3766

E.O. 11652: GDS
TAGS: PE, EAID
SUBJECT: FOOD MARKETING LOAN PERU - L049

REF: A) STATE 20983 B) LIMA 2751

1. ACCCOMPANIED BY USAID DIRECTOR, I MET WITH THE MINISTER OF FOOD, GENERAL HOYOS, SETTING FORTH THE ARGUMENTS FOR DEOBLIGATION CONTAINED IN REF A). GENERAL HOYOS EXPRESSED HIS UNDERSTANDING OF THESE REASONS AND AID AND CONGRESSIONAL CONCERN WITH THE LENGTHY HISTORY OF INACTION UNDER LOAN; BUT HE POINTED OUT THE SIGNIFICANT PROGRESS WHICH HAS BEEN MADE BY HIS MINISTRY SINCE ITS CREATION IN JANUARY, DESPITE FACT HIS MINISTRY IS NEW AND STILL IN PROCESS OF ORGANIZATION. HE SHOWED US VOLUMINOUS STUDIES WHICH HAVE BEEN RECENTLY COMPLETED WHICH HE SAID WOULD MAKE POSSIBLE RAPID IMPLEMENTATION OF EPSA AND MUNICIPAL MARKETS PORTION OF LOAN, AND HE STATED THAT HE IS QUITE SURE ALL FUNDS CAN BE DISBURSED WITHIN TWO YEARS. HE ALSO SHOWED US DRAFT DECREE LAW WHICH HE PLANS TO PRESENT TO NEXT COUNCIL OF MINISTERS MEETING WHICH WILL MAKE TRUST FUND COUNCIL FUNDS AVAILABLE TO SUPPORT LOAN 049.

2. I WAS IMPRESSED BY THE MINISTER'S DETERMINATION TO MOVE AHEAD IN THE MARKETING AREA, WHICH IS KEY NOT ONLY TO GOP PLANS BUT ALSO IS PART OF SECRETARY KISSINGER'S HEMISPHERIC DIALOGUE. I SEE LITTLE TO BE GAINED BY DEOBLIGATING PRESENT LOAN, ONLY TO SEEK NEW LOAN IN FY-1976 FOR SAME PURPOSES. I ALSO BELIEVE THAT A DEMONSTRATION OF UNDERSTANDING FOR HIS POSITION BY USG AT THIS TIME CAN DO MUCH TO INFLUENCE GENERAL HOYOS' GENERAL ATTITUDE TOWARD CONFIDENTIAL

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US.

3. THUS, ALTHOUGH I FULL APPRECIATE AID'S CONGRESSIONAL PROBLEM,
I STRONGLY RECOMMEND EXTENSIONS OF TCDS AND TDDS AS REQUESTED IN
REF B. BECAUSE HOYOS MUST MAKE DECISION ON WHETHER OR NOT TO
PRESENT DECREE LAW TO COUNCIL OF MINISTERS ON MAY 12, I REQUEST
A REPLY BEFORE THEN.

FYI: HOYOS INDICATED POSSIBILITY THAT FOREIGN MINISTER DE LA FLOR
MAY RAISE SUBJECT OF LOAN EXTENSION WITH SECRETARY KISSINGER OR
ASSISTANT SECRETARY WILLIAM ROGERS. END FYI.

DEAN

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